

Message Text

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TO AMEMBASSY SANTO DOMINGO

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JUNE 29, 1975

QUOTE

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E.O. 11652: N/A

TAGS: EINV, PFOR, US, NI, GB

SUBJECT: PRESS REPORTS QUESTIONABLE ASHLAND PAYMENTS IN
NIGERIA, GABON (INCLUDES PRESS GUIDANCE)

1. NEW YORK TIMES AND BALTIMORE SUN PUBLISHED REPORT
JUNE 28 THAT ASHLAND OIL ADMITS MAKING QUESTIONABLE PAYMENTS
TO GOVERNMENT OFFICIALS AND CONSULTANTS IN NIGERIA, GABON,
LIBYA, DOMINICAN REPUBLIC AND PERHAPS OTHER COUNTRIES.

2. MICHAEL C. JENSEN, WRITING IN NYT, SAID ASHLAND HAS
BEEN UNDER INVESTIGATION BY SECURITIES AND EXCHANGE
COMMISSION, SENATE SUBCOMMITTEE ON MULTINATIONAL CORPORA-
TIONS AND INTERNAL REVENUE SERVICE FOR MAINTAINING OVERSEAS
SLUSH FUND AND MAKING ILLEGAL POLITICAL CONTRIBUTIONS.

3. ASHLAND MADE DISCLOSURES IN ACCORDANCE WITH SETTLEMENT
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TERMS OF LAWSUIT BROUGHT BY S.E.C., AND FOLLOWS SEVEN-MONTH
INVESTIGATION OF ITS BOARD OF DIRECTORS BY ASHLAND
SPECIAL COMMITTEE.

4. SCRUTINIZED BY SPECIAL COMMITTEE WERE RECORDS OF \$15.9 MILLION IN FUNDS TRANSFERRED OVERSEAS FROM 1967 THROUGH 1974. ASHLAND SAID SPECIAL COMMITTEE WAS SATISFIED THAT MOST OVERSEAS TRANSFERS WERE LEGITIMATE BUT FOUND THAT IN SOME INSTANCES FUNDS MIGHT HAVE BEEN USED FOR POLITICAL DONATIONS. INCLUDED WERE: -- PAYMENTS OF \$30,000 TO A

NIGERIAN CONSULTANT "IN CONNECTION WITH GENERAL BUSINESS OPPORTUNITIES IN THAT COUNTRY."

-- PAYMENTS OF \$150,000 AND \$40,000 TO TWO GOVERNMENT OFFICIALS IN GABON. REPORT SAID ASHLAND OFFICIAL HAD BEEN ADVISED BY GABONESE OFFICIAL THAT "MONIES WOULD BE USED BOTH RECIPIENTS FOR SOCIAL WELFARE AND PUBLIC PURPOSES."

5. NYT SAID ASHLAND REPORT "LEFT NUMBER OF QUESTIONS UNANSWERED. IT DID NOT, FOR EXAMPLE, GO INTO REASONS WHY FOREIGN PAYMENTS HAD BEEN MADE. NEITHER DID IT IDENTIFY INDIVIDUALS INVOLVED."

6. ASHLAND SPOKESMAN WOULD NOT GO BEYOND SIX-PAGE SUMMARY OF REPORT ISSUED BY COMPANY, BUT SAID INDIVIDUALS INVOLVED IN QUESTIONABLE TRANSACTIONS HAD BEEN IDENTIFIED TO S.E.C. AND SENATE SUBCOMMITTEE.

7. BALTIMORE SUN STORY BASED ON ASSOCIATED PRESS DISPATCH FROM NEW YORK.

8. IN RESPONDING TO INITIAL PRESS QUERIES ON ASHLAND REPORT, POSTS SHOULD STRESS THESE POINTS (TAKEN FROM JUNE 5 SPEECH OF DEPUTY LEGAL ADVISER MARK FELDMAN BEFORE HOUSE SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY):

(A) IT WOULD NOT BE APPROPRIATE FOR STATE DEPARTMENT (OR EMBASSY) TO COMMENT ON DETAILS OF INDIVIDUAL CASES CURRENTLY BEING INVESTIGATED BY OTHER AGENCIES OF U.S.
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GOVERNMENT. NEVERTHELESS, DEPARTMENT (OR EMBASSY) CANNOT AND DOES NOT CONDONE ILLEGAL ACTIVITIES BY AMERICAN FIRMS OPERATING IN OTHER COUNTRIES, AND STRONGLY CONDEMNS SUCH ACTIONS.

(B) U.S. GOVERNMENT URGES AMERICAN FIRMS TO RESPECT LAWS OF NATIONS WHERE THEY OPERATE, BUT IT IS RESPONSIBILITY OF HOST GOVERNMENTS TO SET RULES UNDER WHICH FIRMS AND PUBLIC OFFICIALS DEAL WITH EACH OTHER. GOVERNMENTS AND FIRMS, REGRETTABLY, HAVE NOT ALWAYS EXERCISED THEIR RESPONSIBILITIES IN THIS AREA. IN SOME COUNTRIES, FOR EXAMPLE, LAWS DEALING WITH POLITICAL CONTRIBUTIONS, AGENT

FEES OR OTHER PAYMENTS ARE UNCLEAR OR UNENFORCED.

(C) U.S. CONDEMNS PAYMENTS TO FOREIGN GOVERNMENT
OFFICIALS AND ANY AMERICAN INVESTOR MAKING THEM CANNOT
LOOK TO STATE DEPARTMENT FOR PROTECTION FROM LEGITIMATE
LAW ENFORCEMENT ACTION BY RESPONSIBLE AUTHORITIES OF HOST
COUNTRY OR UNITED STATES. INGERSOLL

UNQUOTE. INGERSOLL

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